



August 18, 2022

Mr. Kelsey Gallagher  
Core Scientific Holdings Co.  
4207 S Congress Ave. Ste E-101  
210 Barton Springs Rd. Suite 300  
Austin, TX 78704

Re: Core Scientific - Denton Data Center  
Transformer Failure Investigation  
MEP Engineering Review

Mr. Gallagher:

I met with members of Core Scientific's construction and operations teams on-site at the Denton Data Center on the morning of August 16, 2022. At that time, Shermco Industries had technicians on-site actively testing a number of the Building D transformers. We walked the site and reviewed the installation of the electrical equipment and associated feeders. We also spoke to Shermco technicians about the results of their testing.

I was able to review the site conditions compared to the electrical engineering design. The following items were found to be installed correctly as designed and without visible defects:

- The 35 kV primary feeders and their associated terminations appeared to be properly sized, installed, and grounded at the pad mounted transformers.
- The 2,500 kVA pad mounted transformers appeared to be properly installed and adequately grounded.
- The secondary electrical feeders appeared to be properly sized, installed, and terminated at the transformers and at the associated switchboards
- The switchboards appeared to be properly grounded and their neutral to ground disconnect links appeared to be properly sized and installed.
- The adjustable trip settings on the switchboard main circuits breakers appeared to be properly set to coordinated device settings provided by K&A Engineering.
- The switchboard equipment electrical loading appeared to be well balanced and below the limits of the transformers.

It is our understanding that there has been no reported substation power surge or switching events that occurred during the time of the latest transformer failures. This information can be further confirmed by contacting Denton Municipal Electric and requesting their event logs.

When reviewing the potential transformer failure scenarios, it is our understanding that the initial transformer defects and deficiencies found during an initial transformer walk and inspection were repaired by Maddox and their subcontractor before Shermco's initial transformer testing. We have reviewed Shermco's testing report dated August 8, 2022. It was noted that there appeared to be a consistent "A phase Winding Resistance is out of tolerance on the Low Voltage windings" deficiency found on four (4) of the transformers tested. It is our understanding that all cable and transformer deficiencies found in the testing report were corrected before



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Building D was re-energized. We have also reviewed Shermco's testing report dated August 17, 2022. This additional round of testing was performed after the latest transformer failure. The test results again showed a consistent low voltage winding deficiency with a substantial level of winding resistance failure in a very short period of time.

After review of the site conditions, transformer loading, and Shermco testing results, it is our belief that there is a consistent manufacturing defect that is causing transformer failures. The defect appears to be on the A phase windings on the secondary side of the transformers. We recommend that the 35 kV transformers be replaced with similar transformers provided by a different manufacturer.

Please let me know if you have any questions or need any additional information.

Best Regards,

A handwritten signature in black ink, appearing to read 'DMB', followed by a horizontal line.

David M. Boon, P.E.  
RWB Consulting Engineers